Form 3160-3

SUBMIT IN TRIPLICATE*

CONFIDENTIAL

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL ☒ DEEPEN ☐

b. TYPE OF WELL
OIL WELL ☐ GAS WELL ☒ OTHER SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. NAME OF OPERATOR
McElvain Oil & Gas Properties Inc

3. ADDRESS AND TELEPHONE NO.
1050 17th Street, Suite 1800, Denver, Co. 80265 (303) 893-0933 ext 302

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface
940' FSL & 1395' FEL, Sec 10, T25N, R2W, NMPM
At proposed prod. zone

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
25520

8. FARM OR LEASE NAME, WELL NO.
Badger Com 10 No. 1A

9. API WELL NO.
30 039 26783

10. FIELD AND POOL, OR WILDCAT
Blanco Mesa Verde/Basin Dakota

11. SEC., T., R., M., OR BLK AND SURVEY OR AREA
Sec 10, T25N, R2W, NMPM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
7 Miles North of Lindrith, New Mexico

12. COUNTY: Rio Arriba
13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
75'	40	320
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
N/A	8249'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
7386' GL

22. APPROX. DATE WORK WILL START*
August 1, 2001

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12.250"	9.625", J-55	36	600'	377.6 cf - circ to surface
8.75	5.500", J-55	15.5	5859'	Cmt in 3 stages w/2834.8 cf to circ to surf.
7.875	5.50" J-55/N-80	15.5 & 17.0	8249'	DV Tools at 5919' & 5049'

McElvain Oil and Gas Properties Inc. proposes to spud in the San Jose formation. Drill a 12 1/4" surface hole to 600' with a fresh water base mud. Run and cement 9 5/8" suface casing with suficient volume (377.6 cf - 100% excess) to circulate to surface. WOC 12 hrs. Nipple up 11" 2000# BOPE. Pressure test surface casing and BOPE to 600 psi for 15 minutes. Drill a 8 3/4" hole to 5859', approximately 40' into Upper Mancos formation. Reduce hole size to 7 7/8" and drill to TD of 8249' using a solids mud system mixed with Mesa Verde and / or Dakota produced water. Run Induction and Compensated density / Epithermal neutron logs: pulled from TD to surface casing shoe. Run and cement 5 1/2" production casing in 3 stages using sufficient cement(15% excess over caliper hole volume) to circulate to surface. Move out rotary rig. Move in completion unit. Run cased hole correlation logs. Test casing to 3000 psi for 15 minutes. Perforate select Dakota or Mesa Verde intervals and stimulate using a 2% KCL based gel fluid. If both zones appear to productive, both will be completed as soon as a DHC application is approved.

JUL 2001 RECEIVED OIL CON. DIV. DIST. 3

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured true vertical depths. Give blowout preventer program, if any.

24.

SIGNED R. E. Fielder TITLE R. E. Fielder Agent DATE 5/30/01

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

S.W. Anderson Asst Field Manager JUL 3 2001

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
[illegible] Copies
[illegible] Copies

CONFIDENTIAL

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-039-26783	72319 / 71599	BLANCO MESAVERDE / BASIN DAKOTA

4 Property Code	5 Property Name	6 Well Number
25520	BADGER COM 10	1A

7 OGRID No.	8 Operator Name	9 Elevation
22044	McELVAIN OIL & GAS PROPERTIES	7386'

10 Surface Location

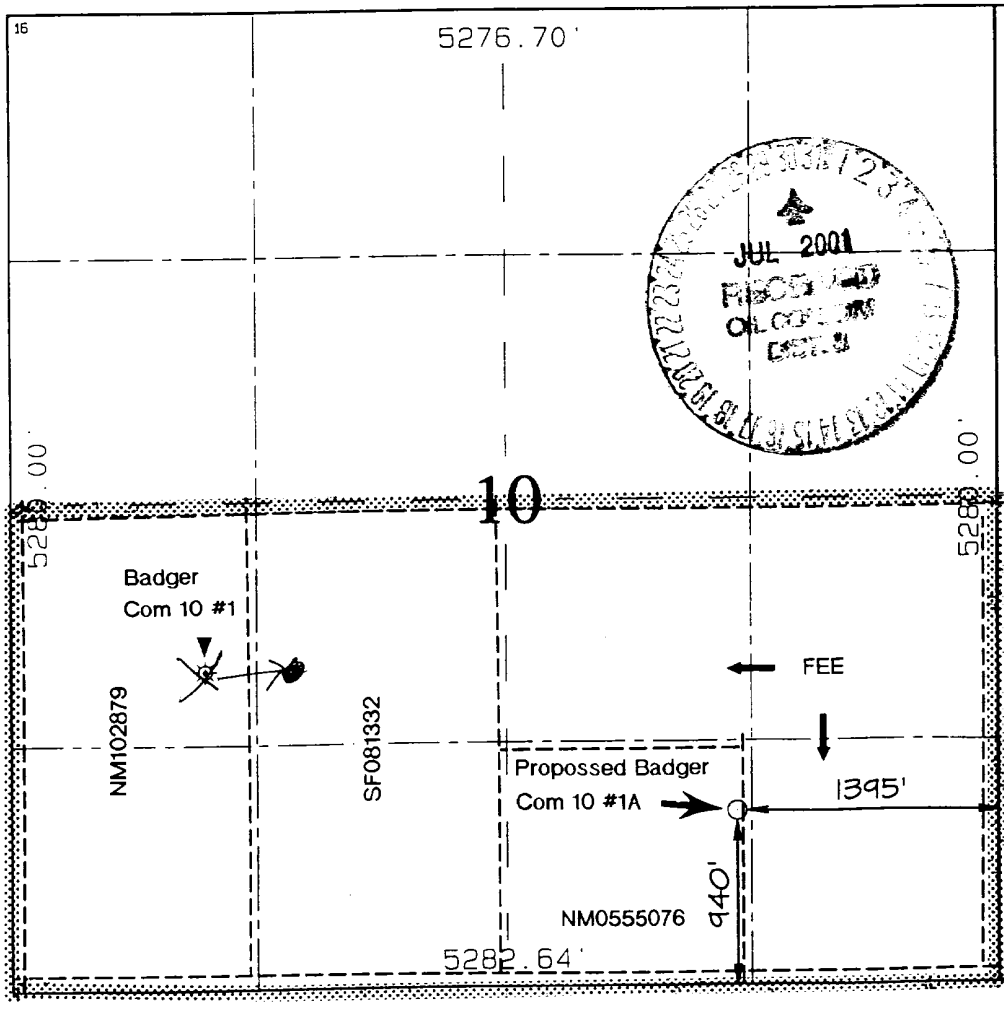
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	10	25N	2W		940	SOUTH	1395	EAST	RIO ARRIBA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

R. E. Fielder

Signature

Printed Name

Title

Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

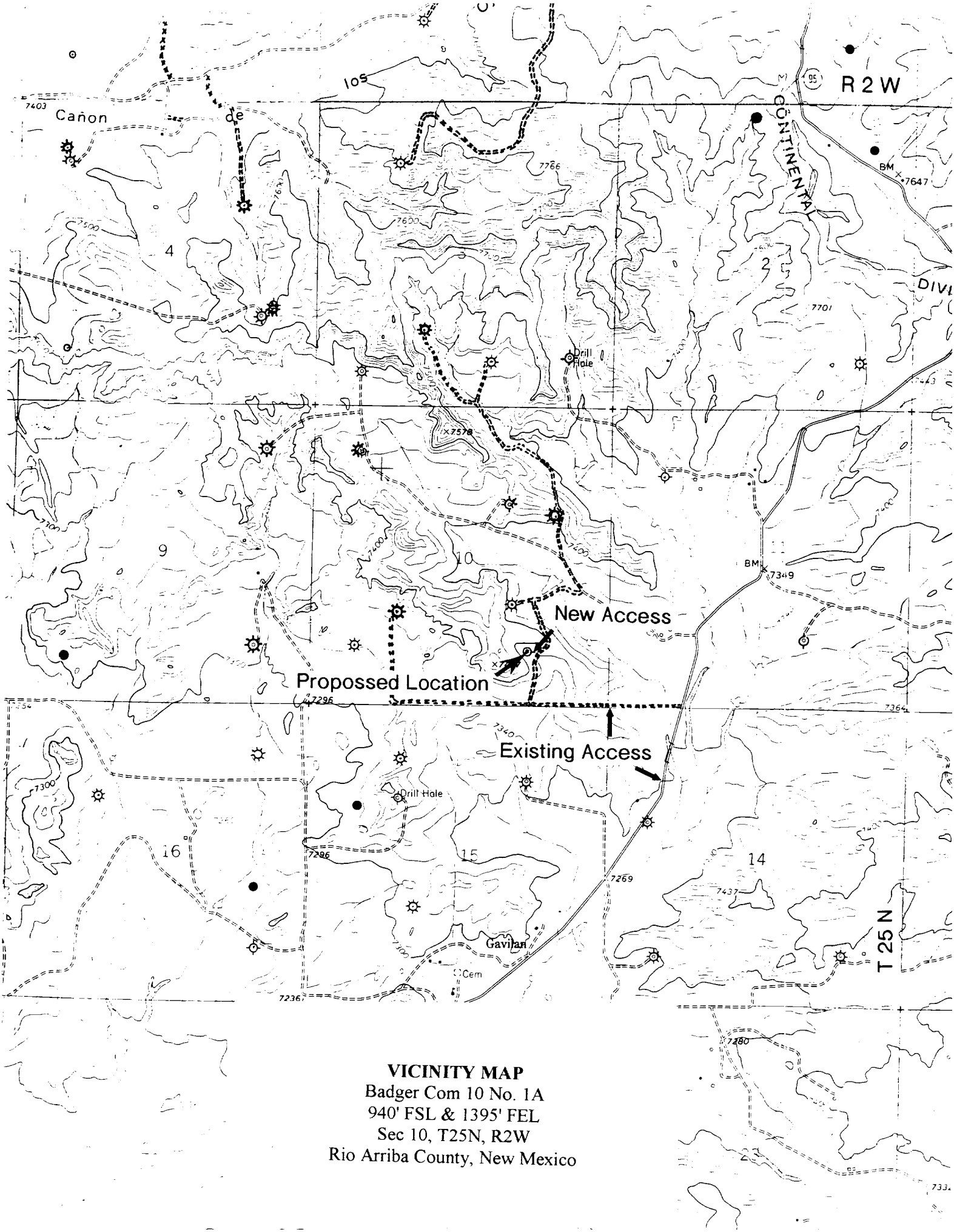
APRIL 22, 2001

Date of Survey

Signature and Seal of Professional Surveyor

NEALE C. EDWARDS
NEW MEXICO
6857
REGISTERED PROFESSIONAL SURVEYOR

Certificate No. 6857



VICINITY MAP
Badger Com 10 No. 1A
940' FSL & 1395' FEL
Sec 10, T25N, R2W
Rio Arriba County, New Mexico

CONFIDENTIAL

McElvain Oil & Gas Properties Inc.
Badger Com 10-1A
1075' FSL & 1450' FEL
Section 10, T25N, R2W, NMPM
Rio Arriba County, New Mexico

TEN POINT DRILLING PROGRAM

1. **Surface Formation:** San Jose

2. **Surface Elevation:** 7386 ' GL.

3. **Estimated Formation Tops:**

Formation		Top - feet	Expected Production
Nacimiento		1594	
Ojo Alamo		3159	
Fruitland		3439	
Pictured Cliffs		3539	GAS
Lewis		3739	
Huerfanito		3999	
Chacra		4499	GAS
Cliff House		5249	GAS
Menefee		5329	GAS
Pt. Lookout		5644	GAS
Upper Mancos		5819	
Gallup		6669	GAS / OIL
Lower Mancos		7329	
Greenhorn		7819	
Graneros		7889	
Dakota:	B Sand	7989	GAS / OIL
	C Sand	8019	GAS / OIL
	D Sand	8059	GAS / OIL
TOTAL DEPTH		8249	

4. **Casing and Cementing Program:**

Drill a 12 1/4" Hole to 600'. A string of 9⅝" 36# J-55 or K-55 ST&C casing will be set and cemented to the surface in a single stage with 320 sacks of Class "B" cement (yield = 1.18 cf/sk) containing 3% $CaCl_2$ and 1/4 lb/sack celloflake. Slurry volume assumes 100% excess over calculated hole volume. If cement does not circulate to surface, cement will be topped off using 1" pipe down the 12¼" by 9⅝" annulus. Minimum clearance between couplings and hole is 1.625". Prior to drilling out the shoe, casing and BOPE will be tested to a minimum of 600 psig. Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8 or 100,000 lb overpull, whichever is greater.

4. Casing and Cementing Program: - continued

WOC 12 HOURS. Nipple up 11" 2000# BOPE. Pressure test surface casing and BOPE to 600 psi for 15 minutes.

Drill an 8 3/4" hole to 5859 feet, approximately 40 feet into the Mancos.

Reduce hole size to 7 7/8" and drill to TD of 8249'.

Run Induction and Compensated density/Epithermal neutron logs from TD to surface casing shoe.

Run 5½" 15.5# J-55 & 17# N - 80 production casing from surface to Total Depth and cement in 3 stages with DV tools installed: (#1) 100 feet below the Mancos top and (#2) 200' above the Cliffhouse top. **Stage 1** (TD - 5919') will be cemented with 485 sacks (606.3 cf) 50/50 Class H POZ containing 2% gel, 5# Gilsonite, 1/4 lb/sk Flocele, 0.4% Halad 344 FLA, and 0.2% HR-5 dispersant mixed at 13.7 PPG, 1.25 yield. **Stage 2** (5919' - 5049') will be cemented with 275 sacks (376.8 cf) 50/50 Class B POZ containing 2% gel, 5# Gilsonite, 1/4 lb/sk Flocele, 0.3% Halad 344 FLA, and 0.3% Versaset mixed at 13.5 PPG, 1.37 yield. **Stage 3** (5049 ' - surface) will be cemented with 480 sacks (1094 cf) of Class B with 3% Econolite, ½#/sk Flocele, 10# Gilsonite mixed at 11.4 PPF, yield 2.88. Followed with 550 sacks (753.5 cf) 50/50 Class B POZ with 2 % gel, 5# Gilsonite, 1/4 lb/sk Flocele, .3% Halad 344 and .3% Versaset mixed at 13.5 PPG, yield 1.37.

Circulate and WOC between stages for four (4) hours.

Slurry volumes assume a 50% excess over gauge hole volume for stages 1 & 3 and 150% excess over gauge hole volume for stage 2.

Cement volume is subject to change after review of open hole caliper log to caliper volume + 15%. Minimum clearance between couplings and hole is 0.913 ". Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8 or 100,000 lb over pull, whichever is greater.

4. Casing and Cementing Program: - continued

Bits: 12 1/4" surface hole - MT class 115 or 116 to ~600 feet.
8 3/4" production hole - TCI class 447 to ~4800'.
8 3/4" production hole - TCI class 517 to ~6205'.
7 7/8" production hole - PDC to ~8000'.
7 7/8" production hole - TCI class 637 to ~8435' TD.

Centralizers:
Surface string: 3 - 9⅝" X 12¼": One centralizers run in middle of shoe joint with lock ring and two centralizers spaced evenly between shoe joint and 100'.

Production string: 30 - 5 ½ " X 8¾" or 7 7/8" centralizers will be run across all prospective pays and 5 - 5 ½ " X 8¾" turbolizers will be spaced such that one (1)is just below the Basal Fruitland Coal, three (3) across the Fruitland and one (1)into the Ojo Alamo.

Float Equipment:
Surface string: Cement nose guide shoe w/insert float,1 jt above shoe.

Production string: Cement nose float shoe, 1 jt 5 ½" csg, float collar, and 2 - DV tools with accessories.

5. Pressure Control Equipment:

A 2M psi BOP well control system will be utilized. BOP's and choke manifold will be installed and pressure tested to a minimum of 600 psig before drilling out from under surface casing and then will be checked daily as to mechanical operation condition. 5 1/2" rams will be installed before running production casing.
A full opening internal blowout preventor or drill pipe safety Valve will be on the drill floor at all times and will be capable of fitting all connections.

Form 3160-3

SUBMIT IN TRIPLICATE*

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CONFIDENTIAL

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK: DRILL ☒ DEEPEN ☐

b. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ OTHER — SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. NAME OF OPERATOR
McElvain Oil & Gas Properties Inc

3. ADDRESS AND TELEPHONE NO.
1050 17th Street, Suite 1800, Denver, Co. 80265 (303) 893-0933 ext 302

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface
940' FSL & 1395' FEL, Sec 10, T25N, R2W, NMPM
At proposed prod. zone

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.
Badger Com 10 No. 1A

9. API WELL NO.
30 039 26783

10. FIELD AND POOL, OR WILDCAT
Blanco Mesa Verde/Basin Dakota

11. SEC., T., R., M., OR BLK AND SURVEY OR AREA
Sec 10, T25N, R2W, NMPM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
7 Miles North of Lindrith, New Mexico

12. COUNTY: Rio Arriba

13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
75'	40	320
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
N/A	8249'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
7386' GL

22. APPROX. DATE WORK WILL START*
August 1, 2001

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12.250"	9.625", J-55	36	600'	377.6 cf - circ to surface
8.75	5.500", J-55	15.5	5859'	Cmt in 3 stages w/2834.8 cf to circ to surf.
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JUL 2001
RECEIVED
OIL CON. DIV.
DIST. 3

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured true vertical depths. Give blowout prevenater program, if any.

24.

SIGNED R. E. Fielder TITLE R. E. Fielder Agent DATE 5/30/01

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

Sw Anderson Asst. Field Manager JUL 3 2001

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102

CONFIDENTIAL

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹API Number	²Pool Code	³Pool Name
30-039-26783	72319 / 71599	BLANCO MESAVERDE / BASIN DAKOTA

⁴Property Code	⁵Property Name	⁶Well Number
25520	BADGER COM 10	1A
⁷OGRID No.	⁸Operator Name	⁹Elevation
22044	McELVAIN OIL & GAS PROPERTIES	7386'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	10	25N	2W		940	SOUTH	1395	EAST	RIO ARRIBA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

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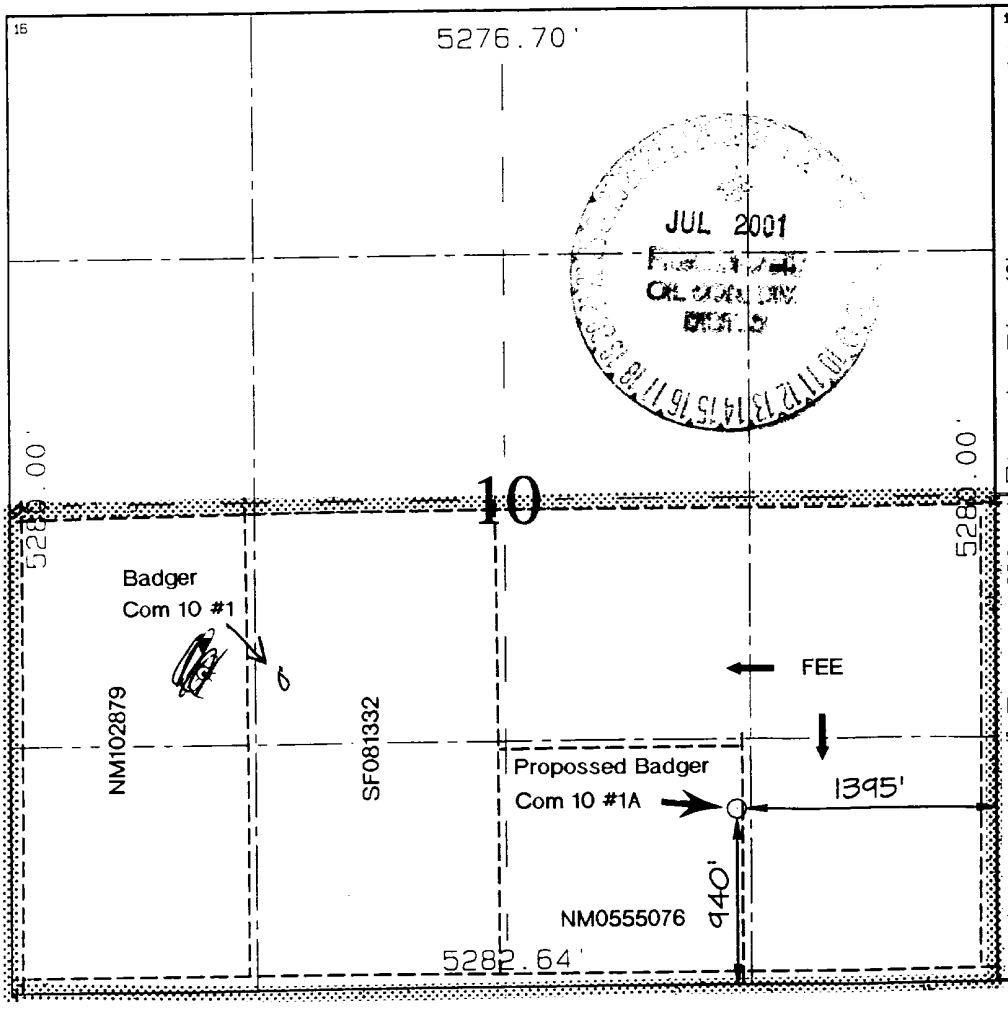


¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

R. E. Fielder

Signature

Printed Name

Title

Date

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

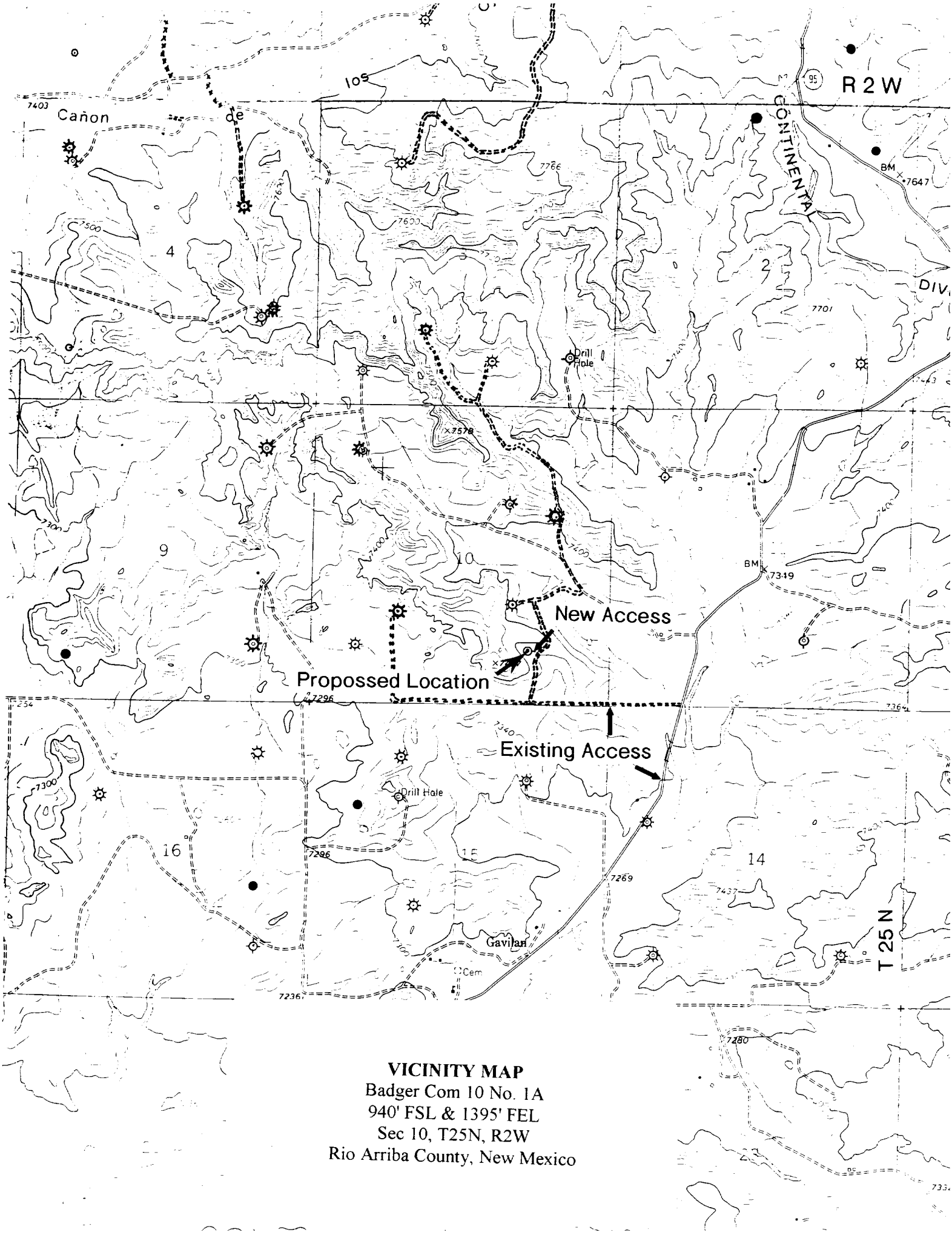
APRIL 22, 2001

Date of Survey

Signature and Seal of Professional Surveyor

NEALE C. EDWARDS
NEW MEXICO
6857
REGISTERED PROFESSIONAL SURVEYOR

Certificate Number 6857



VICINITY MAP
Badger Com 10 No. 1A
940' FSL & 1395' FEL
Sec 10, T25N, R2W
Rio Arriba County, New Mexico

CONFIDENTIAL

McElvain Oil & Gas Properties Inc
Badger Com 10-1A
1075' FSL & 1450' FEL
Section 10, T25N, R2W, NMPM
Rio Arriba County, New Mexico

TEN POINT DRILLING PROGRAM

1. **Surface Formation:** San Jose

2. **Surface Elevation:** 7386 ' GL.

3. **Estimated Formation Tops:**

Formation		Top - feet	Expected Production
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Lewis		3739	
Huerfanito		3999	
Chacra		4499	GAS
Cliff House		5249	GAS
Menefee		5329	GAS
Pt. Lookout		5644	GAS
Upper Mancos		5819	
Gallup		6669	GAS / OIL
Lower Mancos		7329	
Greenhorn		7819	
Graneros		7889	
Dakota:	B Sand	7989	GAS / OIL
	C Sand	8019	GAS / OIL
	D Sand	8059	GAS / OIL
TOTAL DEPTH		8249	

4. **Casing and Cementing Program:**

Drill a 12 1/4" Hole to 600'. A string of 9⅝" 36# J-55 or K-55 ST&C casing will be set and cemented to the surface in a single stage with 320 sacks of Class "B" cement (yield = 1.18 cf/sk) containing 3% $CaCl_2$ and 1/4 lb/sack celloflake. Slurry volume assumes 100% excess over calculated hole volume. If cement does not circulate to surface, cement will be topped off using 1" pipe down the 12¼" by 9⅝" annulus. Minimum clearance between couplings and hole is 1.625". Prior to drilling out the shoe, casing and BOPE will be tested to a minimum of 600 psig. Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8 or 100,000 lb overpull, whichever is greater.

4. Casing and Cementing Program: - continued

WOC 12 HOURS. Nipple up 11" 2000# BOPE. Pressure test surface casing and BOPE to 600 psi for 15 minutes.

Drill an 8 3/4" hole to 5859 feet, approximately 40 feet into the Mancos.

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Circulate and WOC between stages for four (4) hours.

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Cement volume is subject to change after review of open hole caliper log to caliper volume + 15%. Minimum clearance between couplings and hole is 0.913 ". Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8 or 100,000 lb over pull, whichever is greater.

Drilling Program
McElvain Oil & Gas Properties Inc
Badger Com 10 No.1A

4. Casing and Cementing Program: - continued

Bits: 12 1/4" surface hole - MT class 115 or 116 to ~600 feet.
8 3/4" production hole - TCI class 447 to ~4800'.
8 3/4" production hole - TCI class 517 to ~6205'.
7 7/8" production hole - PDC to ~8000'.
7 7/8" production hole - TCI class 637 to ~8435' TD.

Centralizers:
Surface string: 3 - 9⅝" X 12¼": One centralizers run in middle of shoe joint with lock ring and two centralizers spaced evenly between shoe joint and 100'.

Production string: 30 - 5 ½ " X 8¾" or 7 7/8" centralizers will be run across all prospective pays and 5 - 5 ½ " X 8¾" turbolizers will be spaced such that one (1)is just below the Basal Fruitland Coal, three (3) across the Fruitland and one (1)into the Ojo Alamo.

Float Equipment:
Surface string: Cement nose guide shoe w/insert float,1 jt above shoe.

Production string: Cement nose float shoe, 1 jt 5 ½" csg, float collar, and 2 - DV tools with accessories.

5. Pressure Control Equipment:

A 2M psi BOP well control system will be utilized. BOP's and choke manifold will be installed and pressure tested to a minimum of 600 psig before drilling out from under surface casing and then will be checked daily as to mechanical operation condition. 5 1/2" rams will be installed before running production casing.
A full opening internal blowout preventor or drill pipe safety Valve will be on the drill floor at all times and will be capable of fitting all connections.